### UNITED STATES DISTRICT COURT FOR THE DISTRICT OF PUERTO RICO

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In re	:	
THE FINANCIAL OVERSIGHT AND	:	PROMESA
MANAGEMENT BOARD FOR PUERTO RICO,	:	Title III
as representative of	:	Case No. 17-BK-3283 (LTS) (Jointly Administered)
THE COMMONWEALTH OF PUERTO RICO et al.,	:	`
Debtors. <sup>1</sup>	: : x	
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#### OBJECTION OF THE COFINA AGENT TO MOTION BY THE AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO (AFSCME) TO COMPEL COMPLIANCE WITH THE AUGUST 10, 2017 STIPULATION AND ORDER

Bettina M. Whyte (the "<u>COFINA Agent</u>"), in her capacity as the Court-appointed representative for the Puerto Rico Sales Tax Financing Corporation ("<u>COFINA</u>"), respectfully submits this objection (the "<u>Objection</u>") to the *Motion by the American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) to Compel Compliance With the August 10, 2017 Stipulation and Order* [Docket No. 3092] (the "<u>Motion</u>").<sup>2</sup>

1. On May 18, 2018, counsel to the COFINA Agent sent a letter to counsel for AFSCME requesting that the Motion be amended to remove any suggestion that the COFINA Agent has acted improperly or in violation of the Stipulation. On May 20, 2018, counsel to

The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747).

<sup>&</sup>lt;sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

AFSCME contacted the COFINA Agent and committed to amending the Motion per the COFINA Agent's request. On May 22, 2018, counsel to the COFINA Agent sent another letter to counsel to AFSCME asking for an update on when the Motion will be amended, but to date, counsel to AFSCME has not responded. The COFINA Agent files this Objection because the Motion has not yet been amended.

- 2. The Motion seeks an order "compelling the Mediation Team, AAFAF, Oversight Board, and COFINA Agent to comply with the Stipulation by not participating in any discussions to settle the Commonwealth-COFINA dispute with the GO Creditor Representative." The Motion should be denied for the reasons set forth herein.
- 3. First, as explained by the Oversight Board and AAFAF in their responses [Docket No. 3098 and 3127], there is nothing in the Stipulation that precludes parties from communicating with each other during the mediation of the Commonwealth-COFINA Dispute. As the Oversight Board explains, the Stipulation does not "bar[] the GO Creditor Representative or other creditors from negotiating, with or without mediation, the treatment of its constituency under a plan of adjustment with any party." (Oversight Board Response ¶ 3). Thus, AFSCME is requesting the entry of an order that is entirely inconsistent with the Stipulation and principles of common sense. Accordingly, the Court should deny the Motion because the Stipulation does not actually prohibit the conduct complained about by AFSCME.
- 4. Passing the fact that AFSCME seeks relief that is inconsistent with the terms of the Stipulation, the Motion contains no specific allegation that the COFINA Agent has violated the Stipulation or acted improperly. For example, AFSCME is complaining about the GO Creditor Representative's press release supporting a proposed settlement, but as the COFINA Agent made clear in her press release dated May 14, 2018 (attached hereto as Exhibit

<u>A</u>), the COFINA Agent "neither endorsed or rejected the proposed settlement." The COFINA Agent has at all times acted in good faith in connection with the mediation and her duties under the Stipulation.<sup>3</sup> To the extent the Court is inclined to grant any relief, it would be improper for the Court to rely on the incorrect and baseless assertions that the COFINA Agent has acted in any manner inconsistent with the Stipulation. Accordingly, the COFINA Agent respectfully requests that the Court deny the Motion, but to the extent the Court enters an order granting the relief requested, the order should exclude the COFINA Agent from its scope.

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Accordingly, the COFINA Agent is protected by the immunity granted by the Court for all actions of the COFINA Agent in connection with the litigation or mediation of the Commonwealth-COFINA Dispute. Case No. 17-3283, Docket No. 1612; Adv. Pro. No. 17-257, Docket No. 284.

Dated: May 24, 2018

New York, New York

Respectfully submitted,

By: /s/ Nilda M. Navarro-Cabrer

Nilda M. Navarro-Cabrer (USDC – PR No. 201212)

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